

**JUSTIFICATION & APPROVAL
FOR THE USE OF OTHER THAN FULL AND OPEN COMPETITION**

1. Contracting Activity.

NAVSUP Fleet Logistics Center Sigonella, Italy.

2. Description of the Action Being Approved.

Request authority to issue a sole source modification to the existing contract N68171-11-D-0024 (sole source) awarded to La Nuova Meccanica Navale for maintenance and operational services on the YFP-11 Muse Barge to provide shore power and steam to the USS MOUNT WHITNEY (LCC-20).

3. Description of Supplies/Services.

The contract N68171-11-D-0024 allows for all labor, management, supervision, personnel, tools, test equipment, materials and supplies required to maintain and operate the U.S. Government-owned YFP-11 barge, as well as perform other associated work on an as-required basis. The contract was awarded on 30 Sep 2011 and is a combination of Firm Fixed price and Indefinite Delivery Indefinite Quantity (IDIQ) contract. The contract period is for four months base period commencing on 01 October 2011 with two one month options; services have been further extended until 30 Sep 2012 for an additional period of six months under FAR 52-217-8. The current estimated contract value is [REDACTED], based on FY12 BER of 1\$ = €0.7491.

This modification will extend the period of performance for an additional six (6) months commencing on 01 October 2012 through 31 March 2013. The Estimated total value of the modification is [REDACTED]. Funding document in the amount of [REDACTED] has been provided with fiscal year 2013 funding. Funding document had been issued in anticipation of and contingent upon the enactment of the FY13 Defense Appropriation Act or the FY13 Continuing Resolution and subject to all provision of whichever act becomes applicable.

4. Statutory Authority Permitting Other Than Full and Open Competition.

The statutory authority permitting other than full and open competition is 10 U.S.C. 2304(c) (1), "Only One responsible Source and No Other Supplies and Services will Satisfy Agency Requirements" as implemented by Federal Acquisition Regulation (FAR) 6.302-1.

5. Rationale Justifying Use of Cited Statutory Authority.

La Nuova Meccanica Navale is the incumbent for this bridge contract. Only La Nuova Meccanica Navale (LNM) will be solicited for this procurement in order to continue the labor, management, supervision, personnel, tools, test equipment, materials and supplies required to maintain and operate the U.S. Government-owned YFP-11 MUSE barge which provides the support to the Mount Whitney (LCC-20). LNM is the sole source available to meet the requirement. Any other source would require considerable additional cost and lead time to train and take over this operation for what is a short term requirement. The lead time required would

also likely cause a break in service or a logistic cost greater than that of extending the incumbent. Additionally, phasing in a new contractor at this time would jeopardize the mission and would not support continuity of required services. The Mount Whitney, Commander Sixth Fleet's flagship, cannot withstand an interruption of services of the Shore-side Support Operation. Without the YFP-11 MUSE Barge's continuous operation there is a risk of major failure of the entire Mount Whitney system and, at the very least, cause the interruption of the power and steam provided to the ship and its critical systems. Because of mission requirements, the USS Mount Whitney must be ready to comply rapidly with national direction. Due to the changing mission requirements the level of effort for this requirement is unpredictable. Presently neither the Military Sealift Command nor the Naval Facilities Engineering Command Europe Africa Southwest Asia (NAVFAC EURAFSWA) has an immediate contractual capability or on-hand U.S. Government resources to ensure that the Shore-side Support Operation services are not interrupted. Presently the incumbent is the only source capable of meeting the Navy's requirements and not cause unacceptable delays in fulfilling the agency's requirements.

This Justification and Approval seeks to issue a modification to extend the period of performance to the interim "bridge" contract N68171-11-D-0024 using in-place resources allowing NAVSUP Fleet Logistics Center Sigonella the necessary time to revise the original acquisition strategy approach and subsequently to compete and finalize the award of the newly restructured competitive requirement to operate the YFP-11 Barge using the Government-furnished property.

This sole source modification to contract N68171-11-D-0024 will be issued to the incumbent to extend the period of performance of services for an additional period of six months, commencing 01 October 2012 through 31 March 2013 continuing to furnish a 460V AC, 60Hz, 4800A continuous electrical power and 125psig, 6000 lb/hr continuous steam in order to ensure continuation of mission critical services to the USS Mount Whitney (LCC-20).

The incumbent is in place and fully staffed and trained in maintaining and operating this type of barge equipment and will not require further training to operate or maintain the barge therefore providing for uninterrupted continuity of services. The USS Mount Whitney is on 72-hour Prepare-To-Deploy Order Standby and it is mission critical that the USS Mount Whitney has reliable electrical and steam power supplied to it while in port in Gaeta, Italy. The USS Mount Whitney is subject to changing mission requirements.

6. Description of Efforts Made to Solicit Offers from as Many Offerors as Practicable.

The requiring activity conducted market research for potential sources in the area of Gaeta, Italy as well as in the rest of country for solicitation N68171-11-R-0008 and unsuccessful award of the long term contract for the provision of Shore-side Support Operation without the Government owned YFP-11 MUSE. The market research of the commercial marketplace reflected that there are sources to solicit this requirement competitively. The feedback obtained from the various sources indicated that there are enough local Italian contractors willing and capable of fulfilling this requirement. Furthermore, the solicitation will be posted on EURONECO to further maximize competition.

Although sources exist for the provision of the required services, it is in the best interests of the Government to issue a modification to the current contract, for the additional 6 months of

operation while the USS Mount Whitney is the Port of Gaeta, Italy. Phasing in a new contractor at this time would jeopardize the mission and would not support continuity of required services.

7. Determination of Fair and Reasonable Cost.

The pricing arrangement will be Firm Fixed Price. The contract prices are a combination of unit prices for daily operations and monthly prices for recurring work (FFP), and Line Item individual prices for material under the indefinite delivery indefinite quantity work to be ordered as needed.

The current prices were determined fair and reasonable in March 2012, based on FAR 15.404-1(b)(2)(ii) - Comparison of previously proposed prices and previous Government and commercial contract prices with current proposed prices for the same or similar items, if both the validity of the comparison and the reasonableness of the previous price(s) can be established.

Based on the current market conditions, the anticipated prices for this modification shall remain the same as the current contract and considered fair and reasonable.

Existing procedures for administration and surveillance of the Government Property with the incumbent are already in place and significant increment in prices are not required. Moreover, the costs for the transportation of all government-furnished property from the incumbent contractor's current storage facilities located in Naples, to a new contractor's storage facilities, including all existing spare parts and material, and unload, unpack, and store the same in the Contractor's storage facilities will be eliminated.

BACKGROUND:

The determination that La Nuova Meccanica Navale represented the best value to the Government for the initial contract issued by NAVFAC in 2005, was made by the contracting officer based upon a consideration of past performance/experience, management plan, staffing plan/key personnel, and price with the Government's evaluation of the past performance and technical capability of each offeror being considerably more important than their price. At time of the award of the initial contract the Government received offers from the following two sources:

- La Nuova Meccanica Navale;
- Naval Service RL;

The offer from Naval Service SRL was not considered for award as technically unacceptable. In addition, the prices proposed by Naval Service SRL were 55% higher than the IGE and were not considered realistic. As such the initial contract N33191-05-D-0604 was awarded by NAVFAC EURAFSWA on 08 September 2005, to La Nuova Meccanica Navale. The contract amount was ~~10,412,131.61~~ (base period plus four option periods for a total of 5 years + 6 months) and expired on 28 February 2011.

In August 2010, NAVSUP FLC SI accepted the responsibility of satisfying this requirement by issuance of a contract action. Thereafter, NAVSUP FLC SI Commanding Officer requested NAVFAC EURAFSWA to provide a "bridge" contract thereby allowing NAVSUP FLC SI adequate time to procure a contract based on the customer's new competitive requirements for the provision of Shore-side Support Operation services for the USS Mount Whitney (LCC-20). NAVFAC awarded contract N33191-11-D-1302 as a follow-on to contract N33191-05-D-0604, which was a combination Firm Fixed Price/Indefinite Quantity contract in the amount of

(base period plus two option periods for a total of 6 months) and expiring on 30 September 2011. For contract N33191-11-D-1302, the solicitation N33191-11-R-1302 was issued on a sole source basis to La Nuova Meccanica Navale based on J&A No. 11-02 issued by NAVFAC to provide continuity to furnish a 460V AC, 60Hz, 4800A continuous electrical power and 125psig, 6000 lb/hr continuous steam.

In December 2010, MSFSC evaluated the provision of auxiliary services (the YFP-11 barge) and through a business-case analysis determined that a different business model would be more economical. This business model assumed that a contractor would purchase electrical and steam generation equipment, provide services only during the days when USS Mount Whitney was pier-side, and amortize the cost of capital procurement over the life of a five year contract. While NAVSUP FLC SI was in the process of developing the acquisition strategy, based on the new competitive requirements developed by MSFSC estimated at \$2,200,000, a bridge contract N68171-11-D-0024 was issued as a follow-on to N33191-11-D-1302 for \$2,200,000 (four months base plus two one month option periods for a total of 6 months) with the last option expiring on 31 March 2012.

In response to the new requirement for Shore-side Support Operation services requiring the contractor to provide the equipment instead of using the Government-furnished property; allowing for the mobilization and demobilization of the equipment, NAVSUP FLC SI issued solicitation N68171-11-R-0008 on 31 May 2011 using full and open competition under and pursuant to FAR Part 15 and posted to EuroNECO for 30 days. Upon receipt and evaluation of the two final revised offers, MSFSC determined that the Performance-Based services, requiring the contractor to provide the equipment, were not cost effective and therefore not in the best interest of the Government for the short period of time remaining for this requirement. Therefore, MSFSC officially requested to cancel solicitation N68171-11-R-0008 and requested for the issuance of a competitive contract to operate the existing Government owned MUSE Barge YFP-11.

Based on the above events, the NAVSUP FLC SI contract N68171-11-D-0024 was extended for an additional six (6) months, from 01 April 2012 to 30 September 2012, for and estimated increased amount of \$2,200,000.

While NAVSUP Fleet Logistics Center Sigonella initially believed that a new solicitation and award of the full-term contract to operate the existing Government owned MUSE Barge YFP-11 would have been accomplished by September 2012 unanticipated changes has caused a revision of acquisition strategy approach, consequently changes to the requirement; therefore additional lead time has become a necessity in order to compete new award which has resulted in the compelling need for an extension of the "bridge" contract. As such the current contract's period of performance is to be extended for an additional six (6) months from 01 October 2012 to 31 March 2013 for and estimated increased amount of \$2,200,000.

8. Actions to Remove Barriers to Future Competition.

NAVSUP Fleet Logistics Center Sigonella has used FAR, DFARS and NMCARS regulations and guidance to conduct the full and open competition for the follow-on requirement. The new NAVSUP Fleet Logistics Center Sigonella Solicitation N68171-12-R-0012 will be uploaded in EURONECO for 30 days to encourage maximum competition.